



Department of Fair Employment & Housing

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LOS ANGELES AUTOMOBILE FINANCING COMPANY TO PAY \$6.2 MILLION FOR DISCRIMINATING AGAINST WOMEN, COURT RULES

California Department of Fair Employment and Housing Enforcement Action Found Discrimination in Subprime Automobile Loans throughout Southern California

Los Angeles – In a case brought by the Department of Fair Employment and Housing (DFEH), a Los Angeles County Superior Court judge has issued an order and will enter judgment against a Los Angeles-based automobile loan financing company requiring it to pay more than \$6.2 million in penalties for using a credit risk analysis that automatically penalized female loan applicants based solely on their gender.

The court had earlier determined that M & N Financing, Inc. discriminated against women by using a spreadsheet that automatically added a point to the credit risk analysis when the borrower was female. When the borrower was male, no points were added to the risk analysis.

The Court ruled that the different treatment of men and women based on personal biases and stereotypes concerning the relationship between creditworthiness and gender was “blatantly illegal under the Unruh [Civil Rights] Act.”

“M & N made money it wasn’t entitled to because of stereotypical views about women,” said DFEH Director Kevin Kish. “Discrimination against consumers based on their gender is unfair and wrong, and the court’s order makes clear that it is also bad business.”

During its year-long investigation into M & N Financing, DFEH reviewed thousands of documents, interviewed employees, managers, former employees and auto dealers, and obtained a court order permitting it to make a mirror image of one of the company’s computers.

The Court approved a final judgment halting the discriminatory practice, and determined that the company should pay \$6.2 million in monetary relief for women borrowers, the men associated with those loans (co-signers), and 127 Southern California automobile dealers involved in Retail Installment Sales Contracts purchased by M & N from October 17, 2012 through July 2, 2014.

The Court is also requiring training, notification of the violation to auto dealers, revision of company policies, and reporting of loan data to the Court and DFEH for a period of five years.

In addition, the Court awarded DFEH attorney's fees, costs and costs of distributing the monetary awards of \$1,000,716.62 for over five years of work on the matter. The Court awarded DFEH hourly rates for attorneys ranging from \$875 to \$400 per hour.

In limited circumstances, courts are empowered to increase the amount of fees awarded to a prevailing party over the amount reasonably incurred by the attorneys working on the case. This is known as a fee enhancement or multiplier. The Court also awarded DFEH a 1.1 (or 10%) upward multiplier of the fee award because of "the broad relief obtained benefitting the borrowing public."

"As a public prosecutor, DFEH is entitled to recover attorney's fees for successful civil rights litigation," said Director Kish. "We are gratified that the Court awarded a fee enhancement in recognition of the benefit to the public of the relief obtained. DFEH uses fee awards to further its mission to eliminate discrimination, human trafficking and hate violence in California" stated Kish.

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The DFEH is the state agency charged with enforcing California's civil rights laws. The mission of the DFEH is to protect the people of California from unlawful discrimination in employment, housing and public accommodations and from hate violence and human trafficking. For more information, visit the DFEH's web site at www.dfeh.ca.gov.

